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CATV-RATES

COMMITTEE ON
ARMED SERVICES

Subcommittee on Military
Installations and Facilities
Subcommittee on Oversight
and Investigations

COMMITTEE ON
GOVERNMENT OPERATIONS

Subcommittee on Environment,
Energy and Natural Resources
Subcommittee on Employment,
Housing and Aviation

Congress of the United States

House of Representatives

August 2, 1993

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AUG 20 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

92-266

Mr. Pete Belvin
Director of Congressional Affairs
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Pete:

I am writing with regard to the enclosed correspondence I received from Mr. Herb Longware of Willsboro, New York and Mr. James Feeney of Ramsey, New York, concerning the increased costs of providing cable television service in rural areas.

It is my understand the 1990 Cable Act provides the Commission with the authority to assist small cable systems to address the additional costs and administrative burdens imposed by the legislation. Any information, comments or assistance you may be able to provide concerning these matters would be appreciated so that I may furnish my constituent with a complete report.

Sincerely yours,

John M. McHugh
Member of Congress

JMM/jmb
Enclosures

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WILLSBORO, NY 12996

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AUG 20 1993

FEDERAL COMMUNICATIONS COMMISSION
July 23, 1993 OFFICE OF THE SECRETARY

Judith Brewer
Legislative Assistant
Office of John McHugh
United States House of Representative
Washington, D.C. 20515

Dear Ms. Brewer,

It was a pleasure to meet you in person on Tuesday of this week. You were very helpfull in listening to us.

I have enclosed a copy of a letter that I wrote this week to F.C.C. Chairman James Quello. It gives him a background of our small family operated business and through examples, illustrates our higher cost of providing cable service in rural, sparsely populated area's.

Please review this letter and if you can, send a note or letter to the F.C.C. shairman encourageing him to adopt a set of regualtions that will aloow us to continue to provide good quality service and expand the service into additional area's.

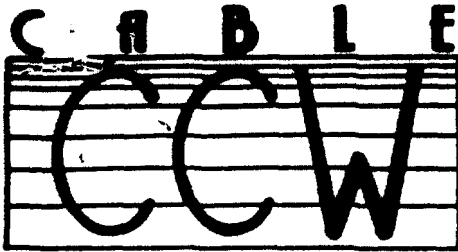
Thank you very much for you help in this issue. Iam looking forward to working with you in the future on this issue.

Sincerely,

Herb Longware
Cable Communications of Willsboro, Inc.

slf/
encl.

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1993 JUL 28 PM 6:1



COMMUNICATIONS OF WILLSBORO

6 ESSEX ROAD P.O.BOX 625

WILLSBORO, NY 12996

(518)963-4116

July 21, 1993

The Honorable James H. Quello
Chairman
Federal Communications Commission
1919 M Street N.W. Room 802
Washington, D.C. 20554

Dear Chairman Quello,

I understand that you would like specific examples of how the present regulations that will go into effect this fall will affect small, rural density cable systems (under 1000 subscribers)

My Mom, Dad and I operate such a system. There are approximately 450 subscribers spread out over 30 miles of cable plant. This yields 15 subscribers per mile. This is less than half the average of 37.75 subs/mile that is in the F.C.C. database.

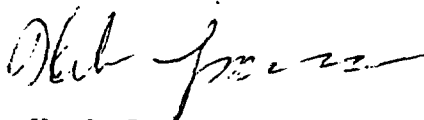
On a per subscriber basis, it is much more expensive to build, operate and maintain a low density system. Operating costs are higher in terms of electricity, various land school taxes and pole rental charges on a per subscriber basis. We rent 1.5 poles for each subscriber!! Our cost per subscriber for pole rental is \$13.90 per sub per year. Compare this with a suburban, densely populated area that has 4 subscribers per pole. Based on the same pole rental rates, their pole rental per subscriber is \$2.32! The higher cost of providing service in a small rural cable system begins at the headend where we must receive and process the signals, just like the larger systems do. The difference is that we have 450 subscribers to spread that over versus a suburban system of perhaps 80,000 subscribers. Our costs for obtaining the exact same programming as the larger systems is at least 20% higher than a large cable system. We pay more even though it costs no more for ESPN or CNN to provide programming to us than to larger systems. In addition, it is not cost effective for small systems to insert local advertising on the cable channels, another source of revenue for the large systems.

In conclusion, all these factors work against the small cable system operator. The present benchmark method of determining rates does not take these factors into account and puts us at a disadvantage. We have been providing cable service to a previously unserved area for 5 years. For four of those years, I took no salary as we continued to buy equipment and extend the cable service to less dense areas. We did large portions of the work ourselves to keep the costs down. Today Mom and Dad still work for zero salary.

We are going to find it very difficult to extend the cable service into new area's and to maintain the channel variety and service standards in the existing plant under the present benchmark rates.

Please consider small system operation in your review of rate regulation and the other aspects of the 1992 Cable Act.

Sincerely,

A handwritten signature in cursive script, appearing to read "Herb Longware", written in dark ink.

Herb Longware

slf/

PHOENIX CABLE
INCORPORATED

A Phoenix American Company



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10 South Franklin Turnpike
Ramsey, New Jersey 07446
(201) 825-9090
(201) 825-8794 FAX

July 27, 1993

Ms. Judith Brewer, Legislative Assistant
US House of Representatives
416 Cannon House Office Building
Washington, D.C. 20515

Subject: Small Cable Systems / New Cable Regulation

Dear Ms. Brewer:

It was a pleasure meeting with you on Tuesday, July 20, 1993, and the time in which we spent discussing the above matter was greatly appreciated. You asked me to calculate what the costs would be to each subscriber. At this point, before the implementation of the new rates, and changes that may come about, it is difficult to determine, nevertheless, please find below an estimation of costs.

My staff and I have spent almost 25% of our time during the last six (6) to eight (8) months working on understanding, analyzing and negotiating the effects of these new rules. The administrative, technical and service costs per subscriber in the small systems will be \$.50 to \$1.00 per month. The cost for retransmission could be as high as \$1.50 per month, per subscriber (off-air programming).

Please help us by contacting the FCC and informing them of your support towards our efforts for relief, they have the authority to help the small cable system operators.

Sincerely,

PHOENIX CABLE INCORPORATED


James H. Feeney
Executive Vice President

JHF:mcl

a:\newyork

PHOENIX CABLE
INCORPORATED

A Phoenix American Company



10 South Franklin Turnpike
Ramsey, New Jersey 07446
(201) 825-9090
(201) 825-8794 FAX

July 27, 1993

Chamber of Commerce
ATTN: Dr. Richard Leshner
US President, Chamber of Commerce
1615 H. St. N.W.
Washington, DC 20062

Subject: Cable Regulation

Dear Dr. Leshner:

I am a small CATV operator and have recently spent three (3) days in Washington, D.C. lobbying on behalf of small cable operators. Congress has passed a cable reregulation bill that is over 500 pages and requires us to radically change the way we run our business, not to mention the added costs and administrative burden that it will force upon us.

Even more disturbing is the tax increase proposed by the President. Because of the strain of Government regulation, many small CATV operators are being forced to sell their systems at reduced values and what profits remain, if the President is successful, will be taxed at higher rates.

In order for the small business in this country to survive and prosper we need regulatory and tax relief from the Government that gives operators, like myself, the incentive and enjoyment of creating something that hopefully will be successful.

I seek your support to help the small business people in making a meaningful contribution to the success of our nation. We cannot perform our jobs if we must encounter unfair government regulation and taxes each step of the way. We do not have large staffs who can focus on these many issues. Government has got to be mindful of the cost of compliance, with each regulation they pass.

I am asking your Chamber to relay our message to the members of Congress and the government agencies. Please help the small operator with less regulation and tax reductions.

Sincerely,

PHOENIX CABLE INCORPORATED


James H. Feeney
Executive Vice President

JHF:mcl

cc: Ms. Judith Brewer, Legislative Assistant